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Raytheon strikers back at work

Union: Bargaining rights victory

By Becky Pallack

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Raytheon Missile Systems' union employees are back at work today after a strike kept most of them away for 10 weeks, but some are asking: Where is the victory?

After rejecting the company's initial offer by a 9-to-1 margin in November, union members accepted a new offer that's not much different. The workers are getting the same 3-percent pay raises, although each will get a \$1,000 bonus; and, their health insurance costs are still rising, although the company agreed to cap rate increases for most benefit plans.

And the union also won a change that ensures they'll be able to negotiate health-plan issues in the future.

The lowest-paid union members lost \$4,000 in wages during the strike, not counting potential overtime pay.

"From an economic point of view, I'm not sure they're going to be able to make up 70 days worth of wages, especially when you count overtime. That's quite a bit of money," said James McBrearty, professor of economics and industrial relations at the University of Arizona.

On the other side of the picket line, the company actually improved the quality and pace of work at the factory during the strike, company officials have said.

The strike had relatively little effect on the company, said Paul Nisbet, a defense and aerospace industry analyst with JSA Research in Newport, R.I.

"They pretty well kept up with deliveries. They probably lost a little time in engineering and administrative areas, but it doesn't seem to have had much impact at all on the company," he said.

Although these facts add up to less than a total win for the workers, major victories came in respect and in the continued right to bargain, said Bobby Martinez, Local 933's directing business representative.

"Our members have felt as if Raytheon never took them seriously and therefore offered them substandard contracts," he said.

Now, the company will take union proposals more seriously, Martinez said.

And perhaps the most important change from the first offer to the accepted contract was the removal of "pass-through language" that would have allowed the company to increase health-care costs for workers without bargaining. Martinez said that could have been the company's way of getting its foot in the door to limit bargaining power.

"Keeping good jobs good"

Martinez said the union succeeded in "keeping good jobs good."

Members want good jobs that help their employer stay competitive, ensuring their own job stability, he said.

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The new contract is as good as the union could have gotten, McBrearty said.

"I think, all in all, they did as well as they could," he said. "Raytheon's not only the biggest employer in town, but it's probably the best in pay and benefits."

Most of the hourly workers, who earn \$10 to \$25 an hour, will get a 3 percent wage increase for each of the next three years. And those already above their pay scales — known as "red-circled" employees — will get their 3 percent in a lump-sum check each year.

"It's a good deal for them. A lot of companies wouldn't give red-circled employees anything," McBrearty said. "Their base wages won't go up, but they're already making more than what the job should pay anyway."

Health cost caps

Besides wages, which didn't change from one offer to the next, health-care benefits were the hot topic of the strike.

"Not only do you have the economic dimension of the negotiations but you also have something we could call the principle of the matter. It seemed to me they wanted to make a statement about the health insurance costs," McBrearty said. "They knew they were going to have to pay an increased share of their premiums, and they wanted those cost increased limited somehow."

The union did win caps on rate increases, although one popular plan will be nearly twice as expensive by the end of the three-year contract.

For the point-of-service health insurance plan, an employee who chooses a family benefit plan will pay \$2,410 this year — about \$70 less than last year. But in 2009, the last year of the contract, he or she will pay \$3,105, or 25 percent more than 2006. An employee-only plan that cost \$791 in 2006 will cost \$997, or 26 percent more, in 2009.

For the preferred provider network plan, an employee who chooses a family benefit plan will pay \$1,747 this year, or \$279 more than last year. In 2009, he or she will pay \$2,749 for family coverage, an increase of 87 percent over 2006. An employee-only plan that cost \$459 in 2006 will cost \$882, or 92 percent more, in 2009.

McBrearty predicts the rising cost of health care will be an ongoing issue between Raytheon and the machinists. The employer must cut costs to stay competitive and the union members find it hard to let go of free or cheap health care.

"I see this as a real battlefield for the foreseeable future," he said.

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